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IN REPLY REFER TO

NAVPETOFFINST 4100.1A
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NAVY PETROLEUM OFFICE INSTRUCTION 4100.1A

Subj: FUEL RECLAMATION

Ref: (a) MIL-F-24951(SA)
(b) MIL-HDBK-200
(c) DoD 4140.25-M
(d) NAVSUP Manual, Volume II
(e) NAVFAC Manual, MO-911
(f) NAVPETOFFNOTE 4265
(g) NAVCOMPT Manual, paragraph 035416
(h) OPNAVINST 11010.20E

Encl: (1) Fuel Reclamation Quarterly Report
(2) Fuel Reclamation Funding Request

1. Purpose. This instruction establishes:

a. Guidance for receipt and disposition of not ready for issue (NRFI) petroleum products and oily waste at Navy fuel reclamation plants.

b. Procedures for financial inventory accounting.

c. Guidance for submission of annual budget requirements and quarterly reports covering labor, supplies, utilities, transportation, contract services, and hazardous waste disposal.

d. Guidance for programming of facility improvements and equipment procurement.

2. Cancellation. NAVPETOFFINST 4100.1

3. Definition of Terms

a. Blending - The procedure by which predetermined quantities of two or more similar fuels are homogeneously mixed to produce a single product.

b. Downgraded Product - Off-specification or contaminated fuel which can be blended with other product for use as a lower grade of fuel.

c. Hazardous Waste Fuels - A used oil which contains listed hazardous waste or is mixed with hazardous waste as defined in 40 CFR 260 and 261. This product should be handled and disposed of as a hazardous waste.

d. Not Ready For Issue (NRFI) Product - Product that requires downgrading, blending or reclaiming prior to use because it fails to meet one or more of the applicable physical, chemical or performance requirements in the intended specification or associated use limits.

e. Off-Specification Used Oil - Used oil that is not mixed with hazardous waste and that has constituents and properties, as determined by tests, that exceed the specified limits set in Table 1 of 40 CFR 279, Standards for the Management of Used Oil.

f. Oily Waste - Oil mixed with water or other fluids such that the mixture is no longer useful.

g. Ready For Issue (RFI) Product - Product in consideration for use that meets applicable physical, chemical and performance requirements in the intended specification or associated use limits.

h. Reclaimed Product - Fuel product from the reclamation process which is suitable for blending or sale as Fuel Oil Reclaimed (FOR).

i. Reclamation - The physical or chemical process of obtaining reclaimed product from NRFI product.

j. Specification Used Oil Fuels - Used oil that is not mixed with hazardous waste and that has constituents and properties, as determined by tests, that do not exceed the specified limit set in Table 1 of 40 CFR 279, Standards for the Management of Used Oil.

k. Use Limit (Deterioration Limit) - The extent that properties of a product may deteriorate without requiring downgrading or rendering the product unusable for its intended purpose.

l. Used Oil - Oil whose characteristics have changed since being originally refined but which may be suitable for future use and is economically reclaimable. Used oil excludes synthetic-based lubricating and transmission products.

m. Waste Oil - Oil whose characteristics have changed markedly since being originally refined, has become unsuitable for further use, and is not considered economically recyclable.

4. Background. As a result of environmental considerations, the cost of petroleum products and the need to conserve scarce energy resources, the Navy has developed facilities and procedures for processing and recovering NRFI petroleum products.

5. Discussion

a. The preferred method for processing NRFI product is to blend or downgrade it to produce a RFI product. If this is not possible, the NRFI product can be considered for reclamation.

The reclamation of used oil which can be classified as NRFI product is a Fleet and Industrial Supply Center (FISC) fuel terminal responsibility. As part of this responsibility, fuel terminals will operate reclamation facilities where it has been determined that it is economically feasible. The operational feasibility will be determined by an evaluation of the sources and volumes of used oil, the properties of the used oil, costs for the disposal of reclamation byproducts and the customer base for the product of reclamation.

b. The operation of regional oily waste collection and treatment systems is considered a Public Works function. For this reason the collection and treatment of oily waste at FISC fuel terminals should be limited to oily waste generated at the terminal and from ships berthed at the terminal fuel piers.

6. Used Oil Reclamation Process

a. Source and Acceptability of NRFI Product

(1) Sources of NRFI Product - NRFI product may be accepted from any U.S. Government source. Any Navy activities located within the service area of a FISC which is unable to utilize NRFI product internally should contact the nearest FISC before disposing of the product. While Navy product is given priority in situations of limited capability, quantities from outside the Navy may be accepted when possible.

(2) Acceptability of NRFI Fuel - The FISC is responsible for determining acceptability of any NRFI product offered for downgrading, blending or reclamation. Quality criteria for determining the acceptability of NRFI product should include limits and/or prohibitions pertaining to flash point and contamination with hazardous wastes. In addition, the following guidelines are provided:

(a) Hazardous waste fuel will not be accepted for reclamation.

(b) Specification used oil fuel will be accepted if it contains no other contaminants (i.e., excessive volumes of sludge, incompatible oils, etc.) which adversely affect reclamation operations or degrade the quality of the reclaimed product or result in the production of a sludge which is classified as a hazardous waste.

(c) Off-specification used oil fuel may be accepted for reclamation if, after blending, the reclaimed product meets reference (a) standards. However, prudent judgment must be exercised in accepting off-specification used oil fuel for reclamation. This is

to prevent the possibility of increasing the sludge beyond allowable limits.

(3) Standards for Accepting NRFI Product for Reclamation - The following guidance should be used to accept NRFI product for reclamation:

(a) Each FISC will establish standards for the quality of NRFI product acceptable for reclamation. These standards will be based on efficiency of the reclamation plant to remove contaminants, blending capabilities, and volumes of product reclaimed. The acceptance standards must ensure that the product of reclamation meets the specification defined in reference (a).

(b) The generator of a NRFI product is responsible for furnishing test results to verify the product meets the acceptance standards established by the FISC. The FISC will not accept product for reclamation unless the generator provides certified test results and these results meet acceptance standards established by the FISC.

(c) FISC may provide laboratory services to generators for testing the generator's product; however, this service must be done on a reimbursable basis, regardless of who the generator is. FISCs will not include the cost of this type of service in their reclamation budget.

(4) Records - For auditing purposes, FISC will retain all generated documents and test results for a period of at least 3 years.

(5) Transportation of NRFI Product

(a) NRFI which can be downgraded - When it is determined by the FISC that the NRFI product can be downgraded into DLA owned stocks, the generating activity will be responsible for the cost of transporting the product to the FISC. Credit for the product turned in will be given to the generating activity at the standard price of the downgraded product. NOTE: Credit is not provided for fuel oil reclaimed stocks. Credit will not be given to the generating activity for NRFI which cannot be regraded to a RFI product.

(b) NRFI product which can be reclaimed - The FISC is authorized to provide transportation of NRFI product based on its potential for reclamation and the economics of transportation.

(c) NRFI which cannot be downgraded or reclaimed - NRFI which, due to the degree or type of contamination, cannot be downgraded or reclaimed will not be accepted. The generating activity will be responsible for disposing of the NRFI product in accordance with current local disposal procedures.

b. Procedures for Turn-In

(1) Return for Credit - Credit to the turn-in activity may be given if, after laboratory analysis, it is determined that the product turned in is on-specification or can be downgraded to a DLA-owned stock. Procedures for this type of turn-in are as follows:

(a) RFI product - Product meeting procurement specifications or the quality use limits of reference (b) will be invoiced on a completed Requisition and Invoice/Shipping Document (DD Form 1149) marked "Customer Return for Credit" in block 3. The transferring activity will prepare the DD Form 1149 and use the standard price for the product in accordance with references (c) and (d).

(b) NRFI product which can be downgraded - As determined by the FISC, product meeting reference (b) procurement specifications or quality use limits for a lower grade product will be invoiced on a DD Form 1149 marked "Customer Return for Credit" in block 3. The transferring activity will prepare the DD Form 1149 and use the standard price for the product to which it was downgraded in accordance with reference (c).

(2) NRFI Product which can be Reclaimed - NRFI product, which is determined by a laboratory analysis to be unsuitable for downgrading but which has potential for reclaiming, will be surveyed by the generating activity in accordance with reference (d). A Report of Survey (DD Form 200) will be utilized, as appropriate, citing "Turned-in for Reclamation" as the disposition action. No credit will be given for this product.

c. Disposition of Reclaimed Product

(1) Sale as Fuel Oil Reclaimed (FOR) - FOR may be sold as a substitute for any fuel which meets the standards established in reference (e). The FOR must meet the use limits defined in reference (a) and will be sold at the price published in the current fiscal year issue of reference (f). Shore boiler plants within the Navy establishment will have purchase priority against any allocation program formulated by the FISC. When Navy requirements are completely satisfied, requests from other DoD or Government agencies will be filled, with priority given to DoD agencies. Requests from non-Government sources for FOR will be referred to the Navy Petroleum Office (NAVPETOFF) for approval.

(a) Transportation of FOR to Navy activities - Transportation which is provided by the supporting FISC and is within a 50 mile radius of the fuel reclamation plant will be charged as a cost to fuel reclamation operations. Transportation which is provided by the supporting FISC and is outside the 50 mile radius will be charged to the requesting activity.

(b) Transportation of FOR to non-Navy activities - Transportation which is provided by the supporting FISC will be charged to the requesting activity.

(2) Other Disposition Options - Potential alternative disposition methods to those outlined above should be referred to NAVPETOFF for evaluation. The primary factor which will be used in this evaluation will be maximizing economic return to the Government. One option currently used is to exchange FOR with a supplier for a RFI product. Contact NAVPETOFF for additional guidance.

d. Financial Accounting Reporting

(1) Procedures for Turn-In

(a) End-Use/Non-Defense Budget Operating Fund (NON-DBOF)

Product

1 RFI product - Product will be returned directly to DLA-owned inventories. The fund code/accounting data cited on the turn-in document will be credited at the standard price for the specification product.

2 NRFI product which can be downgraded - Product will be returned to DLA-owned inventories. The fund code/accounting data cited on the turn-in document will be credited at the standard price for the downgraded product.

3 NRFI product which can be reclaimed - Product will be taken up in DBOF at the time of receipt under Cog 1B in the Financial Inventory Report (FIR).

(b) DBOF Product - Sources of DBOF product are primarily fleet oilers and aviation ships.

1 RFI product - Product will be returned directly to DLA-owned inventories. The fund code/accounting data cited on the turn-in document will be credited at the standard price of the specification product.

2 NRFI product which can be downgraded - Product will be returned directly to DLA-owned inventories. The fund code/accounting data cited on the turn-in document will be credited at the standard price of the downgraded product.

3 NRFI product which can be reclaimed - Product will be taken up in DBOF at the time of receipt under Cog 1B in the FIR Condition Code F if previously surveyed. If product was Other Supply Officer (OSO) transferred, then FIR transactions listed under blending will be recorded.

(2) Procedures for Disposition of Reclaimed Product

(a) Condition Transfer - Once the settling process/reclamation cycle has been completed, the resultant reclaimed product must be transferred to RFI condition. Water and other contaminants removed during the settling/reclamation process must also be adjusted from the accountable records. The FIR transactions will be:

	FIR <u>Code</u>	COG <u>Code</u>	SAC <u>Code</u>	Condition <u>Code</u>
From NRFI	M3	1B	219	F
To RFI	D3	1B	219	A
Adjustments	M6	1B	219	F

(b) Blending - Reclaimed product which can be blended into DLA inventories will be blended and returned in accordance with the provisions of references (c) and (d). The reclaiming FISC will request credit and process same in Navy records as follows:

1 Prepare a DD Form 1149, "Return to Other DoD Agency," in accordance with reference (d). This will be processed through the Defense Fuel Automated Management System (DFAMS) to invoice the value of the reclaimed product blended into DLA inventory and to indicate credit to DBOF BP 38.

2 Simultaneous to preparing the DD Form 1149, transactions showing the return to DLA and necessary standard price adjustments reflecting the difference in the carrying price of the reclaimed product and the product to which blended, transactions must be processed to the FIR as follows:

	FIR <u>Code</u>	COG <u>Code</u>	SAC <u>Code</u>	Condition <u>Code</u>
Return to DLA	A4	1B	219	A
Standard Price Gains	E2	1B	219	A
Standard Price Losses	N2	1B	219	A

(c) Sales - Product which has been reclaimed and not blended into DLA inventory may be sold as FOR in accordance with paragraph 8b. Sales will be at the established standard price of FOR and processed as issues with reimbursement (FIR Codes J1 or J7, as appropriate, Cog 1B, SAC 219 Condition Code "A").

7. Oily Waste Treatment Process. The decision to treat oily waste is based on the ability of the individual terminal to treat the waste.

a. Source and Acceptability of Oily Waste

(1) Sources of Oily Waste - This waste is normally generated from ship or fuel terminal sources.

(a) Ship sources - These sources are derived from compensating water, ballast water, bilge water, or cargo slops.

1 Compensating water is generated from refueling evolutions of particular ship types which are equipped with water compensating fuel systems. These systems utilize sea water to compensate for weight when that fuel is removed from the bunker tank. During refueling evolutions, this compensating water is evacuated. The removed product has a small oil water interface and must be treated accordingly.

2 Ballast water is similar in nature to compensating water. Ballast tanks aboard ship are filled or emptied in accordance with ship stability requirements. This ballast water sometimes has a small oil interface.

3 Ship bilge water is formed from water collected in the bottom or bilge of the vessel. This bilge can contain various lubricant and petroleum products and must be thoroughly analyzed prior to acceptance.

4 Cargo slops come from oiler fuel tanks. When fuel tanks aboard fleet oilers are empty, they are sometimes filled with water to adjust the ballast of the ship or washed (referred to as butterworthings). This ballast or butterworthings product may contain a significant oil interface.

(b) Fuel terminal sources - These sources are derived from terminal runoff from storm water into berms and catchment basins, bottom water from storage tanks, or the residue from tank cleaning operations.

1 Storm water runoff is normally captured in tank berms, valve pits and/or catchment basins. This runoff should be handled in accordance with the local storm water management plan. This water must be tested prior to treatment or discharge. If the test results confirm the water meets standards for discharge to navigable waters or a Public Owned Treatment Plant (POTW), direct discharge is recommended. If the water does not meet standards, it must be treated prior to discharge.

2 Bottom water from fuel storage tanks will be captured, tested and treated prior to discharge.

3 The product from tank cleaning operations may contain a significant oil interface and must be captured and tested prior to treatment and discharge.

(2) Acceptability of Oily Waste - Prior to any acceptance of oily waste, the terminal must perform or require the discharging activity to perform tests to verify the condition of the waste. These tests should establish a baseline which determines the waste to be hazardous or non-hazardous in accordance with Federal, State and local directives.

b. Disposition of Oily Waste

(1) Non-hazardous - Oily waste that has been determined to be non-hazardous can be treated for discharge into open water or into a POTW. Any discharge to open water must meet the discharge criteria established in the appropriate National Pollutant Discharge Elimination System (NPDES) permit. Each point source discharge from a fuel terminal must have an NPDES permit. If the waste is discharged to a POTW, it must meet pretreatment criteria, as defined in the operating agreement with the respective POTW, prior to any discharge. Record of tests which verify that an activity has met either NPDES discharge criteria or POTW pretreatment standards must be kept on file and available for review at any time by Federal, State, and local officials.

(2) Hazardous - Oily waste that has been determined by testing to be hazardous must be labeled as a hazardous waste and handled in accordance with local directives concerning the handling and disposition of hazardous waste. If a situation does arise where a terminal has waste that is hazardous, it is recommended that the terminal director contact the activity Environmental Coordinator for further assistance. It should be noted that this situation should not arise if proper acceptance tests are conducted and intermediate storage sites (i.e., receipt tanks, pits, ponds, or oil water separators) are properly maintained. If it is found that the source of the contamination is the intermediate storage site, the activity should immediately examine the sludge or bottom residue for hazardous waste contamination. It is advisable that the sludge or bottom residual at intermediate storage sites be tested and removed on an annual basis.

8. Records and Reports

a. Inventory Records

(1) Reclaimed Fuel - Reclaimed fuel monthly inventory records will be completed using the following format:

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CONDITION "F" NRFI PRODUCT (All Quantities in Gals)
BY COMMODITY (i.e., JP5, F76,)

1. Opening Inventory		<u>XXXX</u>
2. Receipts		<u>+XXXX</u>
DBOF sources (by name)	XXXX	
Other identifiable sources (by name)	XXXX	
3. Issues		<u>-XXXX</u>
a. Blended into "A" condition stocks	XXXX	
b. Other disposition (i.e., Navy stocks)	XXXX	
4. Determinable Losses		<u>-XXXX</u>
a. Spills, line breaks	XXXX	
b. Surveys	XXXX	
c. Other Surveys (i.e., water/contaminants accepted into inventory)	XXXX	
5. Closing Book Inventory		<u>XXXXX</u>
(1 + 2 - 3 - 4)		
6. Closing Physical Inventory		<u>XXXX</u>
7. Gains or Losses (5 - 6)		XXXX

Gains or losses (line 7), multiplied by the current standard price for the regraded product, will be processed as an inventory adjustment using FIR Codes D4 or M4, respectively.

CONDITION "A" RECLAIMED PRODUCTS (All Quantities in Gals)

1. Opening Inventory		<u>XXXX</u>
2. Receipts		<u>+XXXXX</u>
3. Issues		<u>-XXXXX</u>
a. Blended into DLA Stocks	XXXXX	
b. Sold as FOR		XXXXX
c. Other Dispositions	XXXXX	
4. Determinable Losses		<u>-XXXXX</u>
a. Spills, Line Breaks	XXXXX	
b. Surveys	XXXXX	
5. Closing Book Inventory (1 + 2 - 3 - 4)		<u>XXXXX</u>
6. Closing Physical Inventory		<u>XXXXX</u>
7. Gains or Losses (5 - 6)		XXXX

Gains or losses (line 7), times the current standard price for FOR, will be processed as an inventory adjustment using FIR Codes D4 or M4, respectively.

(2) Oily Waste - Activities may use any format they deem appropriate for maintaining records of oily waste treated as long as total quantities of treated water can be determined on a monthly basis. There should be some form of documented inventory retained for at least 3 years for audit trail purposes.

b. Quarterly Reports. Quarterly reports will be submitted to NAVPEOFF (Code 30) in accordance with the format provided in enclosure (1). This report provides for quarterly documentation of inventory and revenue generated from the sale of FOR, gallons of oily waste treated, labor and non-labor expenses associated with the reclamation of fuel, and project and equipment expenses. The following general guidelines are provided:

(1) Obligations for operations should normally be liquidated within 60 days of the end of the fiscal year in which issued and obligations for all reclamation projects normally within 2 years of the end of the fiscal year in which issued. The following guidelines are to be used in reporting execution of reclamation budgets in the format of enclosure (1).

(2) Fiscal year charges for labor, supplies, utilities, contract services, transportation, and hazardous waste material should be reported.

(3) Provide a status report for each outstanding project and equipment procurement.

(4) Report the sum of all obligations.

(5) Report the status of expired work requests having unliquidated balances. If the work request is complete (final) and funds are available for recapture, a NAVCOMPT Form 2193 should be prepared in accordance with reference (g). In lieu of a NAVCOMPT 2193, a letter identifying the amount of funds available for recapture and final disposition of the work request is acceptable. Work requests which are not complete but have excess funds available for recoupment should indicate same on enclosure (1). NAVPETOFF (Code 30) will, beginning FY 92, recoup via a NAVCOMPT Form 2275. NAVSUP 013 will recoup FY 91 and prior years via NAVCOMPT Form 2275.

(6) Sales and credits must be processed through the entire financial network and credits must be prepared in accordance with references (c) and (d). Periodic reviews/reconciliation of data on and between the FIR, Quarterly Fuel Reclamation Report, and Work Request charges will be accomplished to ensure:

(a) The timely liquidation/closure of prior year work requests.

(b) An earlier recoupment and reutilization of excess funds.

(c) The timely and proper processing of sale and credit transactions.

9. **Funding Requests.** FISCs will submit an annual estimate of funding requirements for the reclaimed fuel process in the following categories: labor, supplies, utilities, transportation, contract services, hazardous waste disposal and fuel reclamation projects and equipment procurement for one year. Funding requests for each category should be submitted to NAVPETOFF (Code 30) in the format of enclosure (2). This funding request is made in conjunction with the activity's Naval Supply Systems Command (NAVSUP) business plan submission. The amount of reclamation funding should be reflected as a sub-category under reimbursable in the NAVSUP business plan. Reclamation funding requests are due to NAVPETOFF on the same date business plans are due to NAVSUP, but in any event, no later than 1 May of each year.

a. **Reclaimed Fuel** - Subsequent to review by NAVPETOFF Code 30, funds for recurring costs will be provided on a quarterly basis via an Order for Work and Services (NAVCOMPT Form 2275). Recurring costs should be documented using the following definitions:

(1) Labor - Estimates will include the direct cost of services rendered in the reclamation process only. The funding requirement will be based on the estimated work hours per task times the average hourly wage rate for that task.

(2) Supplies - Supply estimates will identify the item or category of items, estimated unit cost and resulting funding required for the reclamation process. Only that portion of the supplies directly supporting reclamation operations should be submitted for reclamation funding. The following budget sub-categories should be used:

- Laboratory
- Cleaning supplies
- Office supplies
- Tools
- Consumables
- Mooring lines
- Miscellaneous
- Oil spill
- Hoses/pipelines/adapters
- Small valves/gauges
- Painting gear
- Small equipment repair

(3) Utilities - Utility (i.e., water, sewage, electric, steam, etc.) estimates will identify the costs for utility services required to operate the reclamation plant. Only that portion of the activity's utility costs directly in support of reclamation operations should be submitted for reclamation funding. The following budget sub-categories should be used:

- Electricity
- Water
- Heating oil
- Fuel (for vehicles)
- Sewage
- Telephone

(4) Transportation - Estimated costs for transporting NRFI product suitable for reclamation from generators to FISC and the transportation of FOR to Navy user. The following budget sub-categories should be used:

- Vehicle rental
- FOR transport

(5) Contract Services - Estimates will include contract services (i.e., Public Works Center maintenance, private laboratory services) in direct support of reclamation operations. The following budget sub-categories should be used:

- Testing
- Equipment maintenance
- Equipment rental
- Permits

(6) Waste Disposal - Estimated cost for disposal of sludge and other reclamation byproducts. By products must be tested prior to disposal to determine correct disposal method (hazardous or non hazardous). The following budget sub-categories should be used:

- Waste testing
- Waste/sludge disposal

b. Oily Waste - Funding for oily waste treatment will not be provided by BP38. Local procedures will be established by each FISC to charge Military Sealift Command, Fleet, or other Government agencies (i.e., DFSC/DLA, Coast Guard, Army, etc.) for oily waste treatment. Funds generated from these charges will be placed in a specific account. Funds in this account can only be used to reimburse costs directly related to oily waste treatment and not for any other operational or labor funding costs. Periodic audits of this account will be conducted.

(1) Oily Waste From DLA Owned Product - The treatment of oily waste as defined by paragraph 7.a.(1)(b) fall under this category. In October of each new fiscal year, DFSC requests input for the next FY Recurring Environmental Costs. DFSC's Environmental Guide for Fuel Terminals (Jan 96), Chapter 10, provides guidance on submitting budget requests for this program. Requests may be submitted for sampling and testing and disposal of oily waste. Activities should ensure that all costs associated with the testing and disposal of DLA/DFSC owned product be recouped under this program.

(2) Oily Waste From MSC Tankers - The treatment and disposal of oily waste from MSC tankers should be recouped through billing procedures established through the local comptroller's office. These procedures should delineate how oily waste treatment costs will be billed, what form the payment will take, who can accept payment and how the funds will be utilized for reimbursement of oily waste treatment costs. Once funds are accepted by an activity's comptroller, they should typically be available for reimbursement via locally established job orders. It will be up to the activity to track and balance this account.

(3) Oily Waste From Fleet Units - The treatment and disposal of oily waste from Fleet units should be recouped through the same billing procedures as mentioned in paragraph 9b(2). Prior to any actual recoupment of funds, it is recommended that activities work with local commands to advise all Fleet units of the new funding process. A typical example of recoupment of oily waste treatment costs from a Fleet unit might be the charge associated with treating water received from a fueling evolution associated with a shipboard

water compensating system or the treatment of waste ballast water received from a Fleet oiler.

c. **Projects/Equipment Procurement** - Requests for fuel reclamation projects and equipment procurement are broken into two categories, those associated with actual reclamation (Category 1) and those associated with oily waste treatment (Category 2). Category 1 projects are further broken down into those projects associated with the storage of FOR product and those associated with FOR process. Only those Category 1 projects associated with the storage of FOR product will be funded by DFSC under the annual Maintenance, Repair and Environmental (MRE) program. Category 1 projects associated with the FOR process, Category 2 projects associated with oily waste treatment, and equipment less than \$100,000 will continue to be funded with NAVSUP BP38 funds. Equipment procurements over \$100,000 are considered capital investments and will be funded by the DBOF capital budget. The following chart is provided for further clarification:

Fuel Reclamation Projects/Equipment Procurement

	DFSC MRE	NAVSUP BP38	NAVSUP BP38
Category 1A-FOR Storage	XXXX		
Category 1B-FOR Process		XXXXX	
Category 2 (Oily Waste)		XXXXX	
Equip Procurement <\$100K			XXXXX

Use the following procedures to develop and submit projects for fuel reclamation, oily waste treatment and equipment procurement:

(1) **Category 1A - FOR Storage Projects** - Funding requests for projects associated with the storage of FOR product will follow DFSC MRE program procedures, as outlined in reference (c), Chapter 8, paragraph L(5)(b).

(2) **Category 1B - FOR Process Projects** - Funding requests for projects associated with the processing of FOR product will include all proposed FOR processing projects listed in priority sequence. A narrative justification for each project should clearly identify how the project relates to the fuel reclamation process and how fuel reclamation operations will benefit. Prepare and submit Step II documentation for each project in accordance with reference (h). Detailed cost estimates are required.

(3) Category 2 - Oily Waste Treatment Projects - The budget submission will include all proposed oily waste treatment projects listed in priority sequence. A narrative justification for each project should clearly identify how the project relates to the fuel reclamation process and how fuel reclamation operations will benefit. Prepare and submit Step II documentation for each project in accordance with reference (h). Detailed cost estimates are required.

(4) Category 3 - Equipment Procurement - Budget submittals should list equipment to be procured. Equipment with a procurement cost greater than \$100,000 is considered a capital investment and cannot be reclamation funded. If equipment over \$100,000 is used solely for the reclamation program, it should be submitted for DBOF investment funding.

(5) Funding Requests - Budget submittals must provide project and equipment procurement documentation outlined above. This documentation must be approved by NAVPETOFF prior to funding FOR process projects, oily waste treatment projects or equipment procurement. Once approval has been granted by NAVPETOFF, the FISC may request funding. In order to obtain funding after approval of a project, a letter containing the following information must be forwarded to NAVPETOFF by the activity:

(a) Title of the project and DFSC project number (activity project number can be included, but must not be used in lieu of DFSC's).

(b) Amount and type of funding required; i.e., design, Government estimate for contracting, negotiated contract amount, change order, etc.

(c) Funding address. It is essential for the field activity to provide the correct funding address for MIPRs. To avoid funding complications, a project must have the same funding address for each amendment.

(d) Finally, a point of contact at the activity requesting the funds to assist in clarifying any problems.

(6) Project Status - Activities will be asked to provide a status of all active projects with each FY budget submission.

10. Action. FISC Commanding Officers having a fuel reclamation plant will:

a. Develop a Standard Operating Procedure (SOP) for reclaiming fuel. As a minimum, this SOP must address in detail:

(1) Criteria for evaluating the quality of NRFI product;

- (2) Transportation of NRFI product to the FISC;
- (3) Customer turn-in procedures;
- (4) Disposition of reclaimed product;
- (5) Financial accounting procedures;
- (6) Criteria for evaluating oily waste;
- (7) Disposition of oily waste;
- (8) Reports and record requirements;
- (9) Inventory control; and
- (10) Budget submittals

b. Submit one copy of the Financial Inventory Report (NAVCOMPT Form 2154) for cognizance symbol 1B, SAC 219, to your respective Defense Accounting Office (DAO Norfolk, Code IEBAB or DAO San Diego, Code SDAMA), and one copy to NAVPETOFF Code 30 at the same time the monthly store returns distribution is due; the 1B Cog FIR should be supported by the DD Form 1149 and NAVCOMPT Form 2035.

c. Maintain detailed audit records of program operations which are charged to the NAVCOMPT Form 2275 until completely liquidated/ expended on the records maintained by Defense Finance and Accounting Service (DFAS-Cleveland, Code AAAAA) and NAVPETOFF (Code 30). The funds provided on the NAVCOMPT Form 2275 are subject to the limitation provisions of 31 USC, Section 1517; therefore, the amount charged to the work request is not to exceed the funding limit of the NAVCOMPT Form 2275.

d. Perform a quarterly reconciliation of supply transactions and FIR postings and balances.

e. Submit the fuel reclamation quarterly execution report (enclosure (1)) to be received by NAVPETOFF (Code 30) by the last workday of the month following the end of the quarter. Quarterly reports should show cumulative totals. Report Control Symbol (RCS) NAVSUP 4100-1 is assigned to the reporting requirement described in paragraph 12b and 13e. This report is approved for 3 years only from the date of this directive. On the same date, prepare the reimbursable schedule (UPFE550A) or NAVCOMPT Form 2193 in accordance with reference (g). This form will also be reviewed by NAVPETOFF (Code 30).

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f. Submit annually, and in conjunction with the NAVSUP Business Plan submission, but no later than 1 May, an estimate of funding requirements for the reclaimed fuel process in the following categories: labor, supplies, utilities, transportation, contract services, hazardous waste disposal and fuel reclamation projects and equipment procurement for one year. Funding requests for each category should be submitted to NAVPETOFF (Code 30) in the format of enclosure (2).



L. H. CARPENTER

Distribution:

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ACTIVITY

19__ FUEL RECLAMATION QUARTERLY REPORT

Actual Revenues		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CUM TOTAL
FY 19__	OPENING INVENTORY (GL	0	0	0	0	
FY 19__	RECLAIMED OIL SALES:	\$0	\$0	\$0	\$0	\$0
FY 19__	RECLAIMED OIL CREDITS:	\$0	\$0	\$0	\$0	\$0
	TOTAL F.O.R. REVENUE	\$0	\$0	\$0	\$0	\$0
FY 19__	WASTEWATER TREATED (GL	0	0	0	0	0
FY 19__	COST PER GALLON	0	0	0	0	
	Total Gallons Reclaimed:	0	0	0	0	0
Actual Expenses						
LABOR	DIREC	\$0	\$0	\$0	\$0	0
	TOTAL LABOR	\$0	\$0	\$0	\$0	\$0
SUPPLIES						
	LABORATORY					
	CLEANING SUPPLIES	\$0	0	0	0	0
	OFFICE SUPPLIES	\$0	0	0	0	0
	TOOLS	\$0	0	0	0	0
	CONSUMABLES	\$0	0	0	0	0
	MOORING LINES	\$0	0	0	0	0
	MISCELLANEOUS	\$0	0	0	0	0
	OIL SPILL	\$0	0	0	0	0
	HOSES/PIPELINES/ADAPTERS	\$0	0	0	0	0
	SMALL VALVES/GAUGES	\$0	0	0	0	0
	PAINTING GEAR	\$0	0	0	0	0
	SMALL EQUIP REPAIR	\$0	0	0	0	0
	TOTAL SUPPLIES	\$0	\$0	\$0	\$0	0
UTILITIES						
	ELECTRICITY	\$0	\$0	\$0	\$0	0
	WATER	0	0	0	0	0
	HEATING OIL	0	0	0	0	0
	FUEL (for vehicles)	0	0	0	0	0
	SEWAGE	0	0	0	0	0
	TELEPHONE	0	0	0	0	0
	TOTAL UTILITIES	\$0	\$0	\$0	\$0	0
TRANSPORTATION						
	VEHICLE RENTAL	0	0	0		0
	F.O.R TRANSPORT	0	0	0		0
	TOTAL TRANSPORT.	\$0	\$0	\$0	\$0	0
CONTRACT SERVICES						
	TESTING	0	0	0	0	0
	EQUIPMENT MAINT	0	0	0	0	0
	EQUIPMENT RENTAL	0	0	0	0	0
	PERMITS	0	0	0	0	0
	TOTAL CONTRACT SVCS	\$0	\$0	\$0	\$0	0
WASTE DISPOSAL						
	WASTE TESTING	0	0	0	0	0
	WASTE/SLUDGE DISPOSAL	0	0	0	0	0
	TOTAL WASTE DISPOSAL	\$0	\$0	\$0	\$0	0
TOTAL LABOR & NONLABOR		\$0	\$0	\$0	\$0	\$0
PROJECTS/EQUIPMENT (List in Prior						
	TOTAL PROJ/EQUIP	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES		\$0	\$0	\$0	\$0	\$0

Fiscal YearWork Req NumberAmt AuthorizedAmt ObligatedAmt UnliquidatedRemarks/ Note (1)

NOTE (1): Indicate total funds available for recapture, provide report of each outstanding Specific maint project; e.g., proj no./name, obligation status, ECD.

Enclosure (1)

ACTIVITY) 19 __ DBOF FUEL RECLAMATION FUNDING REQUEST

ESTIMATED REVENUES

- A. FY 19__ Est Reclaimed Fuel Sold As Fuel Oil Reclaimed _____ (gallons/dollars)
 B. FY 19__ Est Reclaimed Fuel Blended in DLA Stocks _____ (gallons/dollars)
 C. FY 19__ Est Reclaimed Fuel Disposed of by Other Means _____ (gallons/dollars)

(Explain)

TOTAL RECLAIMED OIL REVENUE (A+B+C) _____ (gallons/dollars)

ESTIMATED EXPENSES	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CUM TOTAL
LABOR					
DIRECT					
TOTAL LABOR	\$0	\$0	\$0	\$0	\$0
SUPPLIES					
LABORATORY/CHEMICALS	\$0	0	0	0	0
GENERAL CLNING/TANK CLNING					0
OFFICE SUPPLIES					0
TOOLS					0
GENERAL MAINTENANCE					0
MOORING LINES					0
MISCELLANEOUS					0
OIL SPILL					0
HOSES/PIPELINES/ADAPTERS					0
VALVES/GAUGES				0	0
PAINTING GEAR					0
PUMP/MOTOR REPAIR/REPL					0
TOTAL SUPPLIES	\$0	\$0	\$0	\$0	0
UTILITIES					
ELECTRICITY					0
WATER					0
HEATING OIL					0
FUEL (for vehicles)					0
SEWAGE					0
TELEPHONE					0
TOTAL UTILITIES	\$0	\$0	\$0	\$0	0
TRANSPORTATION					
VEHICLE RENTAL/MAINT					0
F.O.R TRANSPORT					0
TOTAL TRANSPORT.	\$0	\$0	\$0	\$0	0
CONTRACT SERVICES					
TESTING					0
EQUIPMENT MAINT					0
EQUIPMENT RENTAL					0
PERMITS					0
TOTAL CONTRACT SVCS	\$0	\$0	\$0	\$0	0
WASTE DISPOSAL					
WASTE TESTING					0
WASTE/SLUDGE DISPOSAL					0
TOTAL WASTE DISPOSAL	\$0	\$0	\$0	\$0	0
TOTAL RECURRING COSTS	\$0	\$0	\$0	\$0	\$0
PROJECTS (List in Priority Order)					
EQUIPMENT					
TOTAL	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES REQUESTED	\$0	\$0	\$0	\$0	\$0

Enclosure (2)